

Internal Revenue Service  
Regional Commissioner

Department of the Treasury

Date:

JUN 15 1982

Key District:

Year(s):

Person to Contact:

Contact Telephone Number:

Gentlemen:

We considered your appeal of the adverse action proposed by your key District Director. The paragraph(s) checked below indicate(s) our decision.

☒ Your exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code is:

- ☐ confirmed.
- ☐ modified. A new determination letter is enclosed.
- ☒ denied or ☐ revoked. You are required to file Federal income tax returns on Form 1120 for the above years. You should file these returns with your key District Director, EP/EO Division, within 30 days from the date of this letter, unless a request for extension of time is granted.
- ☐ You are not a private foundation because you are described in Code section(s) \_\_\_\_\_.
- ☐ You are an operating foundation as described in code section 4942(j)(3).
- ☐ You have no liability for excise taxes under IRC \_\_\_\_\_ for the above years.
- ☐ Your liability for excise taxes under IRC \_\_\_\_\_ for the above year(s) was properly reported on your return(s).
- ☐ There is no change to your unrelated business income tax liability as reported for the above years.
- ☐ Your Form(s) 990-T for the above years are accepted as filed.
- ☒ This is a final adverse determination with respect to your exempt status under the Internal Revenue Code section shown above. This letter affirms the determination made by the Chicago District, (copy attached) acknowledges receipt of your withdrawal letter, and constitutes final notice of that determination.

You may direct questions about the decision to the appeals officer whose name and telephone number are shown above.

Sincerely yours,

ASSOCIATE CHIEF  
CHICAGO APPEALS OFFICE

## SUPPORTING STATEMENT

Organization. [REDACTED]

### I. : II. ISSUES AND PROPOSALS FOR SETTLEMENT

#### ISSUE

Whether the organization qualifies as a business league or chamber of commerce under §501(c)(6) of the Internal Revenue Code of 1954.

#### FACTS

The organization was incorporated under [REDACTED] law to promote and publicize the [REDACTED] and the surrounding business community and their place and stature in the community; to promote and encourage such civic, social and cultural events as would benefit its members and the community; to encourage the maintenance of high business standards and a spirit of cooperation among its members and the community; to compile and distribute business information to its members for their individual and mutual benefits. General membership in the association is confined to those persons, firms and corporations engaged in a business or profession within the center.

Associate members consist of persons or firms maintaining a place of business in the immediate neighborhood of the center. Such members have a voice at membership meetings, but are not permitted to vote.

At present, all merchants belong to the association. With the exception of [REDACTED] leases dated prior to [REDACTED], all present leases contain a clause requiring merchants to belong to the association. Each such member shall be entitled to one vote regardless of the size or assessment of such membership. On [REDACTED], the association filed an application for recognition of exemption (Form 1024).

On [REDACTED], the association was denied exemption by the District Director on the basis that the organization was not structured along particular industry or business lines; but was composed primarily of various types of business concerns and commercial endeavors comprising the shopping center in question. [REDACTED]  
[REDACTED]

8 JUL 1939

[REDACTED]

Dear Sirs,

We have considered your application for recognition of exemption under Section 501(c)(6) of the Internal Revenue Code as a business league or Chamber of Commerce.

The evidence presented disclosed that you were incorporated under articles of incorporation dated [REDACTED]. Your organization was formed for the following purposes:

- (1) To promote and publicize the [REDACTED] and the surrounding business community and their place and stature in the community;
- (2) To promote and encourage such civic, social and cultural events as will benefit its members and the community;
- (3) To encourage the maintenance of high business standards and a spirit of cooperation among its members and the community;
- (4) To compile and distribute business information to its members for their individual and mutual benefit.

General Membership in the Association shall be confined to those persons, firms and corporations engaged in a business or a profession within the center.

At present, all merchants belong to the Association. With the exception of [REDACTED] leases dated prior to [REDACTED], all present leases contain a clause requiring merchants to belong to the Association. Each such member shall be entitled to one vote regardless of the size or assessment of such members.

Associate members consist of persons or firms maintaining a place of business in the immediate neighborhood of the Center. Such members have a voice at membership meetings, but are not permitted to vote.

Annual dues assessment of general members of the Association is \$[REDACTED].

The minimum annual dues of Associate members is \$[REDACTED].

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues, Chambers of commerce, and boards of trade not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such interest and not to engage in a regular business of a type ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade, and its activities should be directed to the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

Revenue Ruling 73-411 Cumulative Bulletin 1973-2, Page 180 provides that "in the case of a chamber of commerce or similar organization, the common business interest is usually the general economic welfare of a community." Membership is voluntary and open generally to all business and professional men in the community. It has been accepted that an organization seeking an exemption from Federal income tax under section 501(c)(6) of the Code as a chamber of commerce or board of trade must be one whose efforts are directed at promoting the common economic interests of all the commercial enterprises in a given trade community. Trade associations or business leagues are similar to chambers of commerce or boards of trade except that they serve only the common business interests of the members of a single line of business or of the members of closely related lines of business within a single industry.

Since your organization is not structured along particular industry or business lines, but is composed primarily of various types of business concerns and commercial endeavors comprising the shopping center in question, your right to exemption, if any, must rest on its characterization as a chamber of commerce or board of trade or similar organization.

The compulsory membership of tenants of the shopping center with the exception of those leases dated prior to [REDACTED] is directly related to the owner-tenant relationship of parties comprising the organization and is designed to serve the owner's individual business in the operation of the shopping center. The organizations' activities thus include those of a landlord-tenant association and as such directly assist the owner of facilitating the management and operation of his real estate enterprise.

On the basis of the foregoing, your organization does not possess the essential characteristics of a chamber of commerce or similar organization and therefore does not qualify for exemption under the provisions of Section 501(c) (6) of the Internal Revenue Code.

If you do not agree with these conclusions, you may, within thirty days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your appeal rights and procedures.

Sincerely yours,

  
District Director

Enclosure